

Economic Development

STATE OF HAWAII

PROGRAM TITLE:

ECONOMIC DEVELOPMENT

PROGRAM-ID:

PROGRAM STRUCTURE NO: **01****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS	415.5	353.5	- 62.0	15	413.5	349.5	- 64.0	15	413.5	396.5	- 17.0	4
EXPENDITURES	127,782	146,100	18,318	14	51,467	49,935	- 1,532	3	122,859	123,030	171	
TOTAL COSTS												
POSITIONS	415.5	353.5	- 62.0	15	413.5	349.5	- 64.0	15	413.5	396.5	- 17.0	4
EXPENDITURES	127,782	146,100	18,318	14	51,467	49,935	- 1,532	3	122,859	123,030	171	
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. GROSS STATE PRODUCT (1996 CONSTANT \$ IN MILLIONS)		40,118	40,413	+	295	1	40,840	41,300	+	460	1	
2. REAL PERSONAL INC (1996 CONSTANT \$ IN MILLIONS)		34,306	35,890	+	1,584	5	35,096	36,750	+	1,654	5	
3. "UNEMPLOYMENT RATE (% TENTHS)"		4.4	3.8				4.8	4.2				
4. TOTAL EMPLOYMENT (THOUSANDS)		573	567	-	6	1	577	575	-	2		
5. GROSS STATE PRODUCT (CURRENT \$ IN MILLIONS)		46,402	46,830	+	428	1	48,073	48,910	+	837	2	
6. PERSONAL INC (CURRENT \$ IN MILLIONS)		36,679	38,260	+	1,581	4	38,209	39,900	+	1,691	4	

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: ECONOMIC DEVELOPMENT

01

Part I - EXPENDITURES AND POSITIONS

The expenditure variance is due to delays in filling vacant positions and lower than appropriated special fund expenditures (for various reasons as noted in the lower level programs).

Part II - MEASURES OF EFFECTIVENESS

No significant variance.

STATE OF HAWAII

PROGRAM TITLE:

BUSINESS DEVELOPMENT

PROGRAM-ID:

PROGRAM STRUCTURE NO: **0101****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS	93.0	78.0	- 15.0	16	94.0	80.0	- 14.0	15	94.0	87.0	- 7.0	7
EXPENDITURES	16,659	9,362	- 7,297	44	2,369	1,875	- 494	21	10,263	10,468	- 205	2
TOTAL COSTS												
POSITIONS	93.0	78.0	- 15.0	16	94.0	80.0	- 14.0	15	94.0	87.0	- 7.0	7
EXPENDITURES	16,659	9,362	- 7,297	44	2,369	1,875	- 494	21	10,263	10,468	- 205	2
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. PERCENT ANNUAL INCREASE IN GSP					3.3	4.7	+ 1	30	3.6	4.4		
2. VOLUME OF DIRECT FOREIGN INVESTMENT (\$M/YEAR)					NA	NA			NA	NA		
3. NUMBER OF NEW JOBS CREATED PER ANNUM					5,000	4,000	- 1,000	20	3,941	10,000	+ 6,059	154

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

STATE OF HAWAII

PROGRAM TITLE: **BUSINESS DEVELOPMENT & MARKETING**PROGRAM-ID: **BED - 101**PROGRAM STRUCTURE NO: **010101****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ESTIMATED	±	CHANGE	%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															
	15.0	11.0	-	4.0	27	15.0	11.0	-	4.0	27	15.0	15.0			
	1,656	1,658		2		207	207				1,448	1,448			
	15.0	11.0	-	4.0	27	15.0	11.0	-	4.0	27	15.0	15.0			
	1,656	1,658		2		207	207				1,448	1,448			
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	±	CHANGE	%	PLANNED	ESTIMATED	±	CHANGE	%
PART II: MEASURES OF EFFECTIVENESS															
1. # JOBS GENERATED BY BUS DEV & PROMO ACTIVITIES						225	125	-	100	44	230	135	-	95	41
2. REVENUES GENERATD BY BUS DEV & PROMO ACTIVITIES \$M						8.5	4.2	-	4	47	8.7	8			
3. INVESTMENT GEN BY BUS DEV & PROMO ACT \$M						10	2	-	8	80	10	12	+	2	20
4. NUMBER OF TRADE & INVESTMENT LEADS GENERATED						550	522	-	28	5	550	560	+	10	2
PART III: PROGRAM TARGET GROUP															
1. # HAWAII FIRMS ENGAGED IN INTERNAT'L BUSINESS						1,050	1,062	+	12	1	1,050	1,062	+	12	1
2. # OF MANUFACTURERS						950	1,123	+	173	18	950	1,151	+	201	21
3. # FIRMS PARTIC IN HI INV. ATTRCTN & REG. CTR PROGS						65	60	-	5	8	70	75	+	5	7
PART IV: PROGRAM ACTIVITIES															
1. # INT'L BUSINESS DEVELOPMENT ACTIVITIES						15	22	+	7	47	15	26	+	11	73
2. # NATL BUSINESS DEVELOPMENT ACTIVITIES						3	4	+	1	33	3	5	+	2	67
3. # LOCAL FOCUSED EDUC & PROMO, BUS DEV ACTIVS						6	15	+	9	150	6	15	+	9	150
4. # PRINT, ELECTRONIC PUBLICATIONS, MKTG COLLATERAL						4	5	+	1	25	4	6	+	2	50
5. # INVESTMENT & TRADE CONSULTATIONS						305	340	+	35	11	305	340	+	35	11

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 01 01
BED 101

PROGRAM TITLE: Business Development and Marketing

Part I – EXPENDITURES AND POSITIONS

The variance represents four vacant positions, of which two positions have incumbents on leave without pay with return rights. No variance is anticipated in the three quarters ending June 30, 2004, as the positions are expected to be filled.

Part II – MEASURES OF EFFECTIVENESS

- Item 1. Job growth decreased due to continued effects of 9/11 on Hawaii's economy and the War with Iraq.
- Item 2. Product sales decreased with the strengthening of the Japanese yen.
- Item 3. Investment was down with downturn in Asian and US economies. Also, as a result of the 9/11 terrorist attack and the War with Iraq, new stricter security procedures have made it more difficult to obtain US visas.

Part III – PROGRAM TARGET GROUPS

- Item 2. This is the number of manufacturers in the State according to census data.

Part IV – PROGRAM ACTIVITIES

- Item 1. More inbound business missions and groups have been attracted.
- Item 2. An additional product show and investment/business attraction campaign on the mainland was supported.
- Item 3. Greater emphasis has been placed on follow through of the opportunities generated by each international activity thereby increasing the number of activities.
- Item 4. Publications were distributed primarily to Asian countries and also to US states where additional projects took place.
- Item 5. A major Sister Summit with the State, the four counties and our respective sister provinces was held at the start of FY03.

STATE OF HAWAII

PROGRAM TITLE:

BUSINESS SERVICES

PROGRAM-ID:

BED - 102PROGRAM STRUCTURE NO: **010102****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS												
EXPENDITURES												
TOTAL COSTS												
POSITIONS												
EXPENDITURES												

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 01 02
BED 102

PROGRAM TITLE: Business Services

Part I – EXPENDITURES AND POSITIONS

Positions. FY 2003 actual position counts reflect two vacancies, a Research Statistician IV in the CBED Program and a business loan manager in the Financial Support Branch. The FY 2004 actual and estimated positions reflects the transfer of one position to BED 142.

Expenditures. The bulk of the \$4.8 million variance in operating expenditures can be isolated to the Hawaii Capital Loan Program, Community-Based Economic Development Grant & Loan Program, Hawaii Innovation Development Loan Program and the Disaster Commercial/Personal Loan Program. Administration narrowed the focus of loans specifically for high technology and biotechnology projects.

Part II – MEASURES OF EFFECTIVENESS

- Item 1. Actual tax revenue generated higher due to the film industry having a record year in 2003 of \$147 million.
- Item 3. Variance due to inability to gauge exactly how many requests for changes will be presented to DBEDT. This will vary from year to year.
- Item 4. Program target group focused on high technology and bio-technology businesses. Sustained downturn in high tech and bio-tech industry caused decrease in loan applicants.

Part III – PROGRAM TARGET GROUP

- Item 1. Actual film production expenditures higher due to film industry having a record year in 2003 due to five feature films that were shot here. Initial estimate for 2004 is based on current industry figures indicating lower planned expenditures.
- Item 2. Variance attributed to an increase in attendance at workshops and conferences that build capacity of non-profit organizations. As the capacity

of organizations grow, their determination to seek out additional technical and financial assistance for the community development project(s) increase.

- Item 3. Variance due to inability to gauge exactly how many requests from small business owners will be submitted to DBEDT for regulatory relief. This will vary from year to year.
- Items 4 & 5. Administration chose to narrow focus of loan applicants to high technology and bio-technology businesses.
- Item 8. Although the number of outreach engagements remains relatively stable, unable to accurately project the number of attendees to business-related workshops and seminars.

Part IV – PROGRAM ACTIVITIES

- Item 1. For 2004, lower estimated inquiries are anticipated due to launch of comprehensive website in 2003. Branch directs more people to the website for information.
- Item 2. Actual permits issued lower due to lower expenditures in 2003.
- Item 3. Same as Part III, #4 and #5.

PROGRAM TITLE:

PROGRAM-ID: BED - 107

PROGRAM STRUCTURE NO: 010103

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES															
OPERATING COSTS POSITIONS EXPENDITURES	21.0 1,951	15.0 1,500	-	6.0 451	29 23	21.0 405	16.0 262	-	5.0 143	24 35	21.0 1,546	18.0 1,546	-	3.0	14
TOTAL COSTS POSITIONS EXPENDITURES	21.0 1,951	15.0 1,500	-	6.0 451	29 23	21.0 405	16.0 262	-	5.0 143	24 35	21.0 1,546	18.0 1,546	-	3.0	14
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. %VALUE INCR OF CARGO IN/OUT OF FTZ (EXCL SUBZONES)						2	45	+	43	150	3	3			
2. % INCR VALUE CARGO IN/OUT OF ALL SUBZONES						2	5	+	3	150	3	3			
3. % INCR IN VALUE OF CARGO IN/OUT OF PIER 2 FACIL						5	20	+	15	300	6	5	-	1	17
4. NEW FIRMS USING FTZ PROGRAM (NO.)						30	31	+	1	3	30	35	+	5	17
5. % INCR IN VALUE OF EXPORTS FROM ALL FTZ FACILITIES						5	9.89	+	4	80	5	5			
6. INCR IN USERS' EMPLMT ATTRIB TO PARTIC IN FTZ PROG						60	NA				60	65	+	5	8
7. SATIS RATING BY FTZ USERS (1-5 SCALE)						4	NA				4	4			
8. YEARLY SPECIAL FUND BAL (TOT REV-TOT EXP)							112	+	112	***					
PART III: PROGRAM TARGET GROUP															
1. FIRMS USING FTZ PROGRAM (NO.)						315	311	-	4	1	330	350	+	20	6
2. COMPANIES THAT IMPORT/EXPORT DUTIABLE MERCHANDISE						500	520	+	20	4	500	520	+	20	4
3. COMPANIES THAT MANUF USING DUTIABLE COMPONENTS						70	75	+	5	7	70	75	+	5	7
PART IV: PROGRAM ACTIVITIES															
1. VALUE OF CARGO IN/OUT OF FTZ (EXCLUDING SUBZONES)						565	754	+	189	33	575	600	+	25	4
2. VALUE OF CARGO IN/OUT OF SUBZONES (\$ MILLION)						800	2,827	+	2,027	253	850	700	-	150	18
3. VALUE OF CARGO IN/OUT OF PIER 2 FACILITY						65	71.8	+	6	9	65	70	+	5	8
4. ADVERTISING EXPENDITURES ON ZONE PROMOTN (\$000)						32	18	-	14	44	35	35			

VARIANCE REPORT NARRATIVE
FY 04 and FY 05

01 01 03
BED 107

PROGRAM TITLE: FOREIGN TRADE ZONE

Part I – EXPENDITURES AND POSITIONS

Actual expenditures and positions filled for FY 2002-03 (Items 3 & 4) were less than the budgeted amount. Operational expenditures were reduced to maintain parity with program revenue. Expenditures will increase as staffing levels return to normal levels to support statewide economic development efforts.

Part II – MEASURES OF EFFECTIVENESS

The increases to Items 1, 2 and 5 are the result of a return to normal of fueling activities at Honolulu International Airport. The 15 percent increase in value of cargo in/out of Pier 2 Facility (Item 3) was due to an improved outreach program to the public and operations staff effort. Statistics are currently not available for Item 6. The user survey related to user satisfaction (Item 7) has not been implemented. The increase in Item 8 was due to an increased collection of user fees, mainly for additional container inspections required by federal regulations.

Part III – PROGRAM TARGET GROUP

No significant variance.

Part IV – PROGRAM ACTIVITIES

The increase in the value of cargo in/out of the FTZ (excluding subzones) (Item 1) was due to an improved outreach program to the public and operations staff effort. The large increase in the value of cargo in/out of subzones (Item 2) was due to an incomplete figure provided in the previous variance report. The increase in value of cargo in/out of Pier 2 Facility (Item 3) was due to an improved outreach program to the public and operations staff effort. The decrease in advertising expenditures on zone promotion (Item 4) was due to budgetary constraints. For more information on the Foreign-Trade Zone program please see www.ftz9.org.

STATE OF HAWAII

PROGRAM TITLE:

ENERGY & NATURAL RESOURCES

PROGRAM-ID:

BED - 120PROGRAM STRUCTURE NO: **010104****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															
	12.0	11.0	-	1.0	8	12.0	10.0	-	2.0	17	12.0	10.0	-	2.0	17
	4,592	2,440	-	2,152	47	816	678	-	138	17	3,658	3,796	-	138	4
	12.0	11.0	-	1.0	8	12.0	10.0	-	2.0	17	12.0	10.0	-	2.0	17
	4,592	2,440	-	2,152	47	816	678	-	138	17	3,658	3,796	-	138	4
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS						570	587	+	17	3	575	587	+	12	2
1. # QUALIFIED EXPORT TRADE LEADS						590	778	+	188	32	767	785	+	18	2
2. #BUS/ORGs PARTIC IN OUTRCH, MKT & INDUS DEV ACTIV						11,200	10,321	-	879	8	11,400	10,400	-	1,000	9
3. ENERGY USE PER CAPITA OR PER ECON OUTPUT UNIT															
4. RATIO OF INDUSTRY STATE \$ COOP ACT															
PART III: PROGRAM TARGET GROUP						3,195	3,415	+	220	7	3,519	3,350	-	169	5
1. # BUS/ORG INTERSTD IN ENERGY/ENV/OCEAN/RECY PROD						1,328,645	1,362,713	+	34,068	3	1,339,274	1,430,000	+	90,726	7
2. ENERGY CONSUMERS, STATEWIDE						58	58				58	58			
3. ENERGY PRODUCERS, STATEWIDE															
PART IV: PROGRAM ACTIVITIES						14	15	+	1	7	14	15	+	1	7
1. # BUSINESS DEV & PROMO ACTIVITIES						7	7				7	7			
2. # IND/MARKET DEV ASSESSMENTS						13	14	+	1	8	13	14	+	1	8
3. # INDUSTRY OUTREACH PROJECTS						33	30	-	3	9	33	32	-	1	3
4. # ENERGY EFFICIENCY & RENWBLE DEV PROJ															

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 01 04
BED 120

PROGRAM TITLE: Energy & Natural Resources

Part I – EXPENDITURES AND POSITIONS

Two positions are vacant one of which is on Leave without Pay (LWOP) for Temporary Intergovernmental Assignment with Hawaii County, not to exceed December 6, 2004.

Project restrictions and project deferrals can be attributed to decreased expenditures significantly less than the budgeted amounts in FY 2003.

Part II – MEASURES OF EFFECTIVENESS

- Item 2. #BUS/ORGS PARTIC IN OUTRCH, MKT & INDUS DEV ACTIV. The Ocean Resources Branch introduced a new marketing feature which was an on-line magazine that increased the number of participants.
- Item 3. ENERGY USE BTU'S/\$GSP. The difference between the planned and actual measure of "Energy Use BTU's/\$GSP" was the result of the decrease in geothermal electricity production and consumption of jet kero fuel.
- Item 4. RATIO OF INDUSTRY STATE \$ COOP ACT. Decreases in the federal to state funding support ratio decreased since federal funds were not realized in FY 2003 as projected.

Part III – PROGRAM TARGET GROUPS

No significant variance.

Part IV – PROGRAM ACTIVITIES

No significant variance.

STATE OF HAWAII

PROGRAM TITLE:

GENERAL SUPPORT FOR ECONOMIC DEVELOPMENT

PROGRAM-ID:

BED - 142

PROGRAM STRUCTURE NO: 010105

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS	30.0	28.0	-	2.0	7	32.0	31.0	-	1.0	3	32.0	32.0
EXPENDITURES	1,832	1,957	125	7	455	437	18	4	1,480	1,609	129	9
TOTAL COSTS												
POSITIONS	30.0	28.0	-	2.0	7	32.0	31.0	-	1.0	3	32.0	32.0
EXPENDITURES	1,832	1,957	125	7	455	437	18	4	1,480	1,609	129	9
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. % CHNG IN # OF CONTRACTS & LTRS OF AGMT EXECUTED						5			2	15	+	13 650
2. % CHNG IN # FED & NONSTATE GRANTS RECD						7			7	13	+	6 86
3. % CHNG IN AMT OF FED & NONSTATE GRANTS RECD					15				1	42	+	41 100
4. % CHNG IN PUB, NEWSLTRS, NEWS REL DEPT-WIDE										5	+	5 ***
5. % ERROR-FREE SUMMARY WARRANT VOUCHERS PROCESSED					95	99	+	4 4	95	95		
PART III: PROGRAM TARGET GROUP												
1. STATE RESIDENT POPULATION (1000S)					1,249	1,261	+	12 1	1,262	1,274	+	12 1
2. STATE DE FACTO POPULATION (000S)					1,373	1,387	+	14 1	1,388	1,408	+	20 1
3. NUMBER OF DBEDT POSNS					697	697			699	254	-	445 64
PART IV: PROGRAM ACTIVITIES												
1. # OF TESTIMONIES PRESENTED AT LEG HEARINGS					514	494	-	20 4	500	410	-	90 18
2. # OF OPERATIONAL EXPEND PLANS PREPARED					206	189	-	17 8	206	173	-	33 16
3. # OF IFBS AND RFPS ADVERTISED					26	11	-	15 58	20	25	+	5 25
4. # OF CONTRACTS & LETTERS OF AGMT EXECUTED					285	302	+	17 6	280	239	-	41 15
5. # OF FEDERAL & NONSTATE GRANTS RECD					13	16	+	3 23	14	18	+	4 29
6. AMT OF FED & NONSTATE GRANT FUNDS RECD (\$1000S)					12,271	9,453	-	2,818 23	12,400	13,359	+	959 8
7. # OF PUB, NEWSLETTERS, NEWS REL ISSUED DEPT-WIDE					136	71	-	65 48	136	75	-	61 45

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 01 05
BED 142

PROGRAM TITLE: General Support for Economic Development

Part I – EXPENDITURES AND POSITIONS

The FY 2004 actual and estimated filled permanent positions reflect the transfer-in of one position from BED 102 and one position from BED 144.

The variance in expenditures in FY 2003 is due primarily to the net effect of the collective bargaining allocation and restrictions. The variance in FY 2004 is primarily due to transfer-in of funds to cover estimated personal services requirements.

Part II – MEASURES OF EFFECTIVENESS

- Item 1. Variance in contract and letters of agreement figures is due to the Governor's moratorium imposed at the end of FY 2003. The moratorium resulted in programs being precluded in pursuing some of their anticipated projects. As a result of Executive Memorandum No. 03-09, the programs have begun to submit the necessary document to continue with those projects.
- Item 2. Additional grants relating to the Energy Program were received in the current fiscal than the estimated amount.

- Item 3. The amount of grant funds received was less than originally estimated primarily due to actual operational requirements and the timing of cash drawdowns for grant expenditures.
- Item 4. The variance is due to the new administration, budget freeze, and change in format (from print to web based).

Part III – PROGRAM TARGET GROUPS

- Item 3. The estimated decrease from the planned in FY 2004 is due to the transfer of the Housing and Community Development Corporation of Hawaii.

Part IV – PROGRAM ACTIVITIES

- Items 1 & 2. See Part III, Item 3
- Items 3 & 4. See Part II, Item 1.
- Item 5. See Part II, Item 2.
- Item 6. See Part II, Item 3.
- Item 7. See Part II, Item 4.

STATE OF HAWAII

PROGRAM TITLE:

TOURISM

PROGRAM-ID:

BED - 113

PROGRAM STRUCTURE NO: 0102

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES												
OPERATING COSTS POSITIONS EXPENDITURES	5.0 55,977	3.0 94,380	- 38,403	2.0 69	3.0 37,676	3.0 37,676			3.0 71,349	3.0 71,349		
TOTAL COSTS POSITIONS EXPENDITURES	5.0 55,977	3.0 94,380	- 38,403	2.0 69	3.0 37,676	3.0 37,676			3.0 71,349	3.0 71,349		
PART II: MEASURES OF EFFECTIVENESS												
1. TOTAL VISITOR EXPENDITURES (\$ BILLIONS)	10859.4	9993.8	-	865	8	11552.6	10219.6	-	1,333	12		
2. TOTAL VISITOR EXPEND RELATED TO BUS TRAVEL (\$M)	359	287.3	-	71	20	359	301.7	-	57	16		
3. TOTAL VISITOR DAYS (M)	60.15	60.52				60.15	60.51					
4. TOTAL VISITOR ARRIVALS (M)	6.73	6.45				7.02	6.51					
5. AIRSEAT (M)	8.21	8.65				8.21	8.60					
6. VISITORS SATIS/EXTREM SATIS W/HAWAII TRIP		NA										
7. MTGS, CONVENTIONS HELD AT CONV CTR (OFFSHORE)	31	28	-	3	10	34	34					
8. ECONOMIC IMPACT OF HAWAII CONVENTIONS (\$M)	163.09	NA				181.82	181.82					
PART III: PROGRAM TARGET GROUP												
1. # ORGANIZATIONS THAT HOLD NATIONAL CONVENTIONS	1,000	1,000				1,000	1,000					
2. TOTAL OUTBOUND TRAVEL VISITS - CANADA (M)	4.8	19.181	+	14	292	4.8	18.829	+	14	292		
3. TOTAL LONG-HAUL TRAVEL VISITS - JAPAN (M)	16.215	10.683	-	5	31	16.215	9.923	-	6	37		
4. # LEISURE TRIPS TAKEN BY AIRPLANE (US) (M)	100	94.8	-	5	5	100	94.8	-	5	5		
5. # OF HIGHER SPENDING/MORE ACTIVE VISITORS	NA	NA				NA	NA					
6. # OF SPORTS-RELATED TRAVELERS	50,000	50,000				50,000	50,000					
PART IV: PROGRAM ACTIVITIES												
1. # SPORTING EVENTS ACTUALLY FUNDED	20	14	-	6	30	20	14	-	6	30		
2. EST ECON IMPACT OF SPORTG EVENTS ACTUAL FUNDED (M)		NA										
3. # PRODUCT ENRICHMT PROJECTS ACTUALLY FUNDED	8	7	-	1	13	10	8	-	2	20		
4. # OF FESTIVALS ACTUALLY FUNDED	10	10				15	11	-	4	27		
5. ATTENDANCE AT FESTIVALS (M)	1.5	1.1				1.5	1.5					
6. # OF PRESS RELEASES ISSUED	12	8	-	4	33	12	15	+	3	25		
7. # OF COMMUNITY MEETINGS HELD	2	3	+	1	50	11	11					
8. # OF GROSS IMPRESSIONS (B)	9.3	5.7	-	3	32	9.3	5.7	-	3	32		
9. # OF CRUISE SHIP PASSENGERS GREETED	800,000	864,031	+	64,031	8	800,000	800,000					
10. # OF PUBLICATIONS ISSUED	2	2				2	4	+	2	100		

VARIANCE REPORT NARRATIVE
FY 03 AND FY 04

01 02
BED 113

PROGRAM TITLE: Tourism

Part I – EXPENDITURES AND POSITIONS

Item 1: 2 positions were abolished by Act 200, SLH 2003, thus the decrease in positions.

Item 2: The Convention Center Enterprise Special Fund was established by Act 253, SLH 2002 and was appropriated \$46 million for FY 2003. The HTA budgeted \$55.9 million for its tourism-related programs and \$46 million for Convention Center operations. The variance is due to unused appropriations from the Convention Center Enterprise Special Fund. There were approximately \$3.3 million appropriations for the Convention Center operating reserves that were not utilized. In addition, approximately \$4.2 million of bond debt service appropriations were not used due to the timing of operating revenue collections and less than anticipated TAT revenues.

Part II – MEASURES OF EFFECTIVENES

Item 1: In the FB 2003-2005 Executive Budget completed in November 2002, HTA estimated \$10,859.4 billion in visitor expenditures for CY 2002. In actuality, the state attained \$9,993.8 billion. The variance is due to a change in the methodology of calculating visitor expenditures by DBEDT.

Item 2: In the FB 2003-2005 Executive Budget completed in November 2002, HTA estimated \$359 billion in visitor expenditures for CY 2002. In actuality, the state attained \$287.3 billion. The variance is due to a change in the methodology of calculating visitor expenditures by DBEDT.

Item 6: The HTA can not report on the visitor satisfaction, as DBEDT has not released the 2002 report on visitor satisfaction.

Note that variances that are not great are basically due to staff's over/underestimating.

Part III – PROGRAM TARGET GROUP

Item 2: There is a variance due to a change in the way the total outbound travel is calculated by the Travel Industry Association of America of Canadian residents.

Item 3: In the FB 2003-2005 Executive Budget completed in November 2002, HTA estimated 16.215 million Japanese taking a long-haul trip in CY 2002. In actuality there were only 10.643 million, most likely due to less Japanese traveling as a result of September 11, 2001 and a tough economy.

Item 4: In the FB 2003-2005 Executive Budget completed in November 2002, HTA estimated 100 million leisure trips taken by airplane in CY 2002. In actuality, there were 94.8 million leisure trips. The variance due to more people taking trips by automobile than by airplane.

Note that variances that are not great are basically due to staff's over/underestimating.

Part IV – PROGRAM ACTIVITIES

Item 1: In the FB 2003-2005 Executive Budget completed in November 2002, HTA estimated 20 sporting events would be funded CY 2002. In actuality, there were 14 sporting events. The variance is due to overestimating.

Note that variances that are not great are basically due to staff's over/underestimating.

STATE OF HAWAII

PROGRAM TITLE:

AGRICULTURE

PROGRAM-ID:

PROGRAM STRUCTURE NO: 0103

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ESTIMATED	±	CHANGE	%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS	291.5	250.5	-	41.0	14	290.5	246.5	-	44.0	15	290.5	280.5	-	10.0	3
EXPENDITURES	27,512	22,692	-	4,820	18	6,648	6,445	-	203	3	22,345	22,543		198	1
TOTAL COSTS															
POSITIONS	291.5	250.5	-	41.0	14	290.5	246.5	-	44.0	15	290.5	280.5	-	10.0	3
EXPENDITURES	27,512	22,692	-	4,820	18	6,648	6,445	-	203	3	22,345	22,543		198	1
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	±	CHANGE	%	PLANNED	ESTIMATED	±	CHANGE	%
PART II: MEASURES OF EFFECTIVENESS															
1. FARM CASH RECEIPTS: SUGAR (\$000)						85,000	64,300	-	20,700	24	85,000	65,000	-	20,000	24
2. FARM CASH RECEIPTS: PINEAPPLE (\$000)						100,000	100,616	+	616	1	100,000	100,000			
3. FARM CASH RECEIPTS: VEGETABLES & MELONS (\$000)						58,000	61,659	+	3,659	6	58,000	62,000	+	4,000	7
4. FARM CASH RECEIPTS: FRUITS EXCL PINEAPPLE (\$000)						30,000	25,210	-	4,790	16	30,000	26,000	-	4,000	13
5. FARM CASH RECEIPTS: HORTICULTURE SPECIALTIES						75,000	92,069	+	17,069	23	75,000	95,000	+	20,000	27
6. FARM CASH RECEIPTS: MACADAMIA NUTS (\$000)						44,000	29,640	-	14,360	33	44,000	32,000	-	12,000	27
7. FARM CASH RECEIPTS: COFFEE (\$000)						32,000	23,250	-	8,750	27	32,000	25,000	-	7,000	22
8. FARM CASH RECEIPTS: OTHERS (\$000)						120,000	139,109	+	19,109	16	120,000	145,000	+	25,000	21
9. GROSS INCOME PER FARM EXCL. SUGAR & PINEAPPLE						68,900	101,104	+	32,204	47	68,900	100,000	+	31,100	45
10. AVERAGE FARM WAGE						10.5	10.78				10.5	11.00			

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

PROGRAM STRUCTURE NO: 010301

FINANCIAL ASSISTANCE FOR AGRICULTURE

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															

VARIANCE REPORT NARRATIVE
FY 03 AND FY 04

PROGRAM TITLE: Financial Assistance for Agriculture

01 03 01
AGR 101

Part I – POSITIONS AND EXPENDITURES

Expenditures constitute both operating outlays and loans funded during this period. The division had initially forecasted expending \$5 million toward approved loans. During this period loans approved totaled \$1.4 million. The reduction was due to a variety of factors. The fiscal period of FY 02-03 was challenging for farming enterprises as the terrorist attack of 9/11 and its lingering impacts, the West Coast dock lockout, and the war in Iraq contributed toward a general poor and uncertain economic climate. During this time some farmers appeared hesitant to accept more debt and apply for loans from the program. Expenditures were also reduced as the administrator of the loan program retired and has not yet been replaced.

For the first quarter of the fiscal year 03-04 the number of positions budgeted for was 10. As indicated, the actual positions filled during that time was nine due to the retirement of the division's administrator. It is anticipated that the position will be filled within the next three-quarters of the fiscal period ending 6/30/04.

Part II – MEASURES OF EFFECTIVENESS

Item No. 1 – In FY 03, actual number of loans approved was 53% below projected amount. As stated above, decreased loan expenditures was due to a drop off in loan applications, which appeared to be affected by the prevailing economic climate.

Item No. 2 – In FY 03, actual dollar amount of loans approved was 71% below projected amount. The reasons are as indicated under Item No. 1 above.

Item No. 3 – In FY 03, the actual delinquency rate was 4%. The program is considered a lender of last resort as under the standard loan program, applicants have been denied credit by commercial sources due to such factors as lack of track record, type of collateral, etc. The program staff works closely with each borrower in an attempt to minimize delinquencies.

Part IV – PROGRAM ACTIVITIES

Item No. 1 – In FY 03, actual amount collected was 17% less than planned. The planned collection for FY 02-03 was based on the past experience of the division. The difference between planned and actual collections is primarily due to retirement of a debt restructuring agreement with Hilo Coast Processing Company (HCPC). The HCPC account is an unusual situation. Through legislative mandate an emergency loan was made to HCPC for \$8.5 million in 1989. HCPC was a sugar operation on the Big Island that also generated electrical power that was sold to HELCO. HCPC initially had difficulty maintaining payments and the loan was restructured to provide payment relief. HCPC eventually began to make substantial payments through higher loan payments, sale of land, and cash payments. With the retirement of HCPC's debt in the earlier part of FY 02-03 collections were reduced in FY 02-03. The division is in the process of refining the method to estimate future collections by taking a closer look at the portfolio makeup and projecting future loan activity and estimating its impact on collections.

Item No. 2, 3 – Reduction as explained earlier.

Item No. 4,5,6&7 – The division has seen a downturn in the participation/insured requests from the commercial lenders. Contributing to the downturn has been the continual personnel changes within the private sector due to the many adjustments that occurred in the private lending sector through restructuring, reorganizing, acquisitions, etc. The division did not make a participation/insured loan during FY 02-03. To stimulate more loans of this nature in the future, staff has been undertaking an outreach effort to approach lenders to inform them of the benefits regarding joint funding opportunities with the division.

STATE OF HAWAII

PROGRAM TITLE:

PRODCTVTY IMPRVMT & MGT ASSTNCE FOR AGR

PROGRAM-ID:

PROGRAM STRUCTURE NO: 010302

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

PROGRAM TITLE:

PLANT PEST AND DISEASE CONTROL

11/24/03

PROGRAM-ID:

AGR - 122

PROGRAM STRUCTURE NO: 01030201

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04					
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%		
PART I: EXPENDITURES & POSITIONS														
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES														
OPERATING COSTS POSITIONS EXPENDITURES	95.0 4,822	80.0 4,981	- 159	15.0 3	16	95.0 1,561	79.0 1,561	- 16.0	17	95.0 3,843	92.0 3,843	- 3.0	3	
TOTAL COSTS POSITIONS EXPENDITURES	95.0 4,822	80.0 4,981	- 159	15.0 3	16	95.0 1,561	79.0 1,561	- 16.0	17	95.0 3,843	92.0 3,843	- 3.0	3	
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%		
PART II: MEASURES OF EFFECTIVENESS														
1. EST ECON LOSSES AVERT BY BIO/CHEM/MECH CNTL (\$000)					19,500	20,000	+	500	3	19,500	20,000	+	500	3
2. # REST/PROH PARCELS INTERCEPTED AS % TOT INSPECTED					0.004	0.002	-			0.004	0.001	-		
3. # INSECT INTERCEPTIONS					1,000	786	-	214	21	1,000	1,000	-		
4. # INTERCEPTED INSECT SPECIES NOT OCCURRG IN HAWAII					350	391	+	41	12	350	400	+	50	14
5. # PROH ANIMALS INTERCEPTED OR CONFISCATED					500	518	+	18	4	500	500	-		
6. # CURRENT CHEM/MECH PROJ UND CONT AS % PROJ ATT					60	24	-	36	60	60	60	-		
7. # CURRENT BIO CONT PROJ UND CONT AS % PROJ ATT					50	50	-			50	50	-		
8. COMPL RATE CERT NURS & PT OF ORIGIN EXP INSP					98	95	-	3	3	98	95	-	3	3
PART III: PROGRAM TARGET GROUP														
1. NO OF AIRCRAFT & SHIP ARRIVALS (THOUSANDS)					25	25.5	+			25	28	+	3	12
2. NO OF AIR & SEA PASSENGER ARRIVALS (THOUSANDS)					4,200	4,244	+	44	1	4,800	4,800	-		
3. NO OF REG BAGGAGE CARGO & MAIL (PARCELS IN 1000'S)					12	12.5	-			30	20	-	10	33
4. NO OF IMPORT PERMIT REQUESTS					1,500	1,006	-	494	33	1,500	1,200	-	300	20
5. NO SITES REQUIRING POST-ENTRY INSPECTIONS					100	1,428	+	1,328	328	100	1,000	+	900	900
6. NO. OF CERTIFIED NURSERIES					500	304	-	196	39	340	300	-	40	12
7. # NEW NOXIOUS WEED INFESTATIONS					1	4	+	3	300	1	5	+	4	400
8. #WIDESPREAD NOX WEED INFESTATIONS					54	30	-	24	44	54	54	-		
9. # NEW INFEST OF INSECTS & OTH PESTS					20	19	-	1	5	20	20	-		
10. # WIDESPREAD INFEST OF INSECTS & OTH PESTS					65	60	-	5	8	60	60	-		
PART IV: PROGRAM ACTIVITIES														
1. NO OF AIRCRAFT & SHIPS MONITORED (THOUSANDS)					25	25.5	+			25	28	+	3	12
2. NO OF AIR & SEA PASSENGERS MONITORED (THOUSANDS)					4,200	4,244	+	44	1	5,400	4,800	-	600	11
3. # BAGGAGE, CARGO, MAIL INSPECTED (THOUSANDS)					12,000	12,452	+	452	4	14,000	13,000	-	1,000	7
4. # IMPORT PERMITS ISSUED					1,200	1,006	-	194	16	1,500	1,200	-	300	20
5. # POST-ENTRY INSPECTIONS CONDUCTED					1,500	1,412	-	88	6	2,000	1,400	-	600	30
6. # OF CERTIFIED NURSERY INSPECTIONS					700	551	-	149	21	700	600	-	100	14
7. # CHEM/MECH CONTROL & ERADICATION PROJECTS					5	24	+	19	380	5	5	-		
8. SEED CERTIFICATION FOR GENERIC PURITY (# OF LOTS)					400	500	+	100	25	400	400	-		
9. BIOLOGICAL CONTROL OF PEST SPECIES (PROJECTS)					15	14	-	1	7	15	15	-		
10. SEED TEST & ANALYSIS (# OF LOTS)					150	97	-	53	35	150	150	-		

VARIANCE REPORT NARRATIVE
FY 03 AND FY 04

PROGRAM TITLE: Plant Pest and Disease Control

01 03 02 01
AGR 122

Part I - EXPENDITURES AND POSITIONS

Variance in position counts is attributed to delays in hiring to produce program savings.

Variance in expenditures due to the collective bargaining augmentation.

Part II - MEASURES OF EFFECTIVENESS

Items 2,3,4,5- These measures are variable and unpredictable. Many factors affect the measures such as the economy, weather, current trends in pet shop sales, risk assessments, and the efficacy of the pest control programs on the farms.

Part III - PROGRAM TARGET GROUP

Item 1 and 2- This measure is variable, depending on public and military exercise.

Item 3- This measure is variable and will fluctuate from year to year.

Item 4- The variance in the number of import permits requested may be due to the establishment of permit user fees and a downturn in the economy and business activity in the State.

Part IV - PROGRAM ACTIVITIES

Items 1-6- These measures are highly variable and difficult to predict. Estimated decreases in air and sea arrivals reflect a depressed U.S. economy.

Item 8- Seed certification is dependent upon the number of seed imports, requests for seed testing services etc.

Item 10- This measure is variable and is dependent on the projection by individual seed producers.

STATE OF HAWAII

PROGRAM TITLE:

ANIMAL PEST AND DISEASE CONTROL**VARIANCE REPORT**

REPORT V61

11/24/03

PROGRAM-ID:

PROGRAM STRUCTURE NO: **01030202**

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS	68.5	57.5	-	11.0	16	68.5	56.5	-	12.0	18	68.5	65.5	-	3.0	4
EXPENDITURES	4,152	4,323		171	4	996	996				3,468	3,468			
TOTAL COSTS															
POSITIONS	68.5	57.5	-	11.0	16	68.5	56.5	-	12.0	18	68.5	65.5	-	3.0	4
EXPENDITURES	4,152	4,323		171	4	996	996				3,468	3,468			

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

STATE OF HAWAII

PROGRAM TITLE:

RABIES QUARANTINE

PROGRAM-ID:

AGR - 131PROGRAM STRUCTURE NO: **0103020201****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															
	45.0	39.0	-	6.0	13	45.0	38.0	-	7.0	16	45.0	42.0	-	3.0	7
	2,793	2,947		154	6	651	651				2,374	2,374			
	45.0	39.0	-	6.0	13	45.0	38.0	-	7.0	16	45.0	42.0	-	3.0	7
	2,793	2,947		154	6	651	651				2,374	2,374			
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. NO. OF CASES OF RABIES IN THE COMMUNITY															
2. NO. OF ALIEN PESTS DETECTED						1 - 1 100									
PART III: PROGRAM TARGET GROUP															
1. DOGS AND CATS QUARANTINED						4,100	4,771	+	671	16	4,100	5,000	+	900	22
2. POPULATION OF HAWAII (THOUSANDS)						1219	1294	+	75	6	1226.3	1295	+	68	6
PART IV: PROGRAM ACTIVITIES															
1. NO. OF DOGS AND CATS QUARANTINED - 120 DAYS						1,100	1,081	-	19	2	1,100	800	-	300	27
2. NO. OF DOGS AND CATS QUARANTINED - 30 DAY						3,050	3,244	+	194	6	3,050	1,500	-	1,550	51
3. NO. OF DOGS AND CATS QUARANTINED - IN TRANSIT						300	446	+	146	49	300	450	+	150	50
4. NO. OF SATELLITE & APPRVD VET FACIL MONITORED						26	28	+	2	8	26	29	+	3	12
5. NO. OF DOGS & CATS SAMPLED FOR EXTERNAL PARASITES						4,100	4,771	+	671	16	4,100	5,000	+	900	22
6. NO. OF DOGS & CATS SAMPLED FOR INTERNAL PARASITES						3,000	3,375	+	375	13	3,000	2,500	-	500	17
7. # SERVICE DOG & ELIG GUIDE DOG ENTRIES PROCESSED						45	72	+	27	60	45	75	+	30	67

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Rabies Quarantine

01 03 02 02 01
AGR 131

Part I - EXPENDITURES AND POSITIONS

Variance in expenditures is due to collective bargaining augmentation. Variance in position count is due to delays in filling vacant positions to meet targeted savings, hiring restrictions, unsuitable job applicants, and reassessing personnel needs.

Part II - MEASURES OF EFFECTIVENESS

The program continues its success in preventing the entry of rabies and exotic alien pests into Hawaii.

Part III - PROGRAM TARGET GROUP

Item 1 - The increase in transiting animals combined with a slight increase in animals qualifying for the 30-day quarantine resulted in the increased total number of animals quarantined. With the addition of a new 5-day-or-less program in FY 03, it is estimated that the total number of entering animals will increase.

Item 2 - No significant variances.

Part IV - PROGRAM ACTIVITIES

Item 1 - No significant variances

A third quarantine program of 5-days-or-less was implemented in FY 03-04 in addition to the 30-day and 120-day programs. A subgroup of this program are animals released at the airport after processing on arrival

Item 2 - The introduction of the 5-day-or-less option will decrease the number of 30-day program animals as a significant portion of this group will qualify for this program.

Item 3 - It is not clear why there was an increase of animals transiting through the State. It may be speculated that there has been an increase in travel between the US and the Asia/Pacific regions.

Items 4 - No significant variances

Items 5,6 - The variance in parasite exams parallels the total animals quarantined

Item 7 - Guide and Service dog entries may have increased due to an increased awareness of the program and a familiarity with the system increasing the number of repeat users. This trend is expected to continue in FY 04.

PROGRAM STRUCTURE NO: 0103020202

VARIANCE REPORT

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Animal Disease Control

01 03 02 02 02
AGR 132

Part I - EXPENDITURES AND POSITIONS

The variance in position count for the Livestock Control branch in FY 03 was due to the use of one vacant Livestock Inspector position as an 89-day hire on the island of Molokai to address bovine tuberculosis control/surveillance measures. This position continued to be filled on an 89-day basis during the 1st quarter of FY 04 and is proposed to be filled on a one-year appointment (temporary basis) beginning the 2nd quarter of FY 04.

Positions vacant in the Veterinary Laboratory branch in FY 03 remained vacant for the 1st quarter of FY 04. The Laboratory Aide II and Microbiologist III position is expected to remain vacant at least until the 2nd quarter of FY 04. The Microbiologist-IV is expected to be filled in mid- November 2003 and the Veterinary Medical officer-III is expected to be filled in 3rd quarter of FY 04.

Part II - MEASURES OF EFFECTIVENESS

No significant variance

Part III - PROGRAM TARGET GROUP

No significant variance

Part IV - PROGRAM ACTIVITIES

Item 1 – No significant variance occurred in FY 03 and expected for FY 04.

Item 2 – No significant variance occurred in FY 03 and expected for FY 04.

Item 3 – No significant variance occurred in FY 03. First quarter FY 04 entry of dogs and cats into the State has significantly increased. First quarter (summer) entries are typically higher than the other three quarters, however, new rule changes allowing for qualified dogs and cats to enter with less than 5 days of quarantine may result in the overall increase estimated for FY 04.

Item 4 – A significant increase occurred in the number of birds and poultry inspected in FY 03. An embargo put in place in September 2002 prohibited poultry and birds from entering the State as U.S. Mail. As a result of the embargo and an emergency rule requiring a West Nile virus permit be issued for all birds, poultry, and day-old birds and hatching eggs, a significant increase in entry inspections resulted. Prior to this, poultry and birds were bypassing inspection as they entered the State as U.S. Mail. The embargo and permit system will remain in place during FY 04, therefore, higher than previously projected numbers of poultry and birds are expected to be presented for inspection upon arrival in the State.

Item 5 – A significant variance occurred in FY 03. These variances occurred as a result of an increase in the number of regulatory and voluntary disease control programs being managed by the program and because of increases in herd testing activity that resulted from surveillance testing and epidemiological investigations. Activity levels in FY 04 are expected to increase over FY 03 levels as the program implements additional testing for a voluntary Johnes's disease control program for the dairy and beef industries.

Item 6 – A significant variance occurred in FY 03 and is projected for FY 04. These variances are being caused by higher than expected detection of suspects and reactors in several disease control and eradication programs and as a result of the program undertaking new disease surveillance activities. In two of the twenty-seven investigations conducted in FY 03, infected swine brucellosis herds were detected, quarantined and depopulated in order to control spread. Infected domestic swine herds resulted from contact with infected feral swine. Both farms elected not to repopulate with swine after depopulation. FY 04 epidemiological investigation activity is projected to remain at FY 03 levels.

Item 7 – A significant higher number of brand registrations occurred in FY 03 and is also projected for FY 04. These increases appear to have been generated by cooperatives with many individuals registering individual brands to insure ownership and new producers who are starting beef cattle operations on lands previously under sugar or pineapple cultivation.

Item 8 – Variance is due to decrease in number of livestock slaughtered at the slaughterhouses. Slight to moderate increase is expected in FY 04 due to the implementation of surveillance testing for other diseases using blood samples from slaughtered livestock.

Item 9 – Variance not significant, but expected to decrease significantly in FY 04 unless Canada reinstitutes its importation testing requirements.

Item 10 – Variance not significant in FY 03. Moderate decrease is expected in FY 04 due to no or short quarantine requirement for imported dogs and cats.

STATE OF HAWAII

PROGRAM TITLE:

PRODUCT DEVELOPMENT AND MARKETING FOR AGR

PROGRAM-ID:

PROGRAM STRUCTURE NO: **010303****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED ESTIMATED		± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS	72.0	62.0	-	10.0	14	72.0	61.0	-	11.0	15	72.0	70.0	-	2.0	3
EXPENDITURES	5,502	4,827	-	675	12	1,689	1,486	-	203	12	4,068	4,266	-	198	5
TOTAL COSTS															
POSITIONS	72.0	62.0	-	10.0	14	72.0	61.0	-	11.0	15	72.0	70.0	-	2.0	3
EXPENDITURES	5,502	4,827	-	675	12	1,689	1,486	-	203	12	4,068	4,266	-	198	5
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. % CHG IN SALES VALUE OF PRODUCTS PROMOTED						3	3				3	3			
2. % ELIG PRODUCERS PARTICIPATG IN PROMO ACTIVITIES						40	40				40	40			
3. "% OF INFO REQUESTS FULFILLED, HASS"						99	99				99	99			
4. "% INFORMATION REQUESTS FULFILLED, MARKET NEWS"						100	100				100	100			

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

STATE OF HAWAII

PROGRAM TITLE:

FORESTRY - PRODUCTS DEVELOPMENT

PROGRAM-ID:

LNR - 172PROGRAM STRUCTURE NO: **01030301****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ESTIMATED	±	CHANGE	%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS	22.0	17.0	-	5.0	23	22.0	16.0	-	6.0	27	22.0	22.0			
EXPENDITURES	1,812	1,770	-	42	2	729	526	-	203	28	1,118	1,316		198	18
TOTAL COSTS															
POSITIONS	22.0	17.0	-	5.0	23	22.0	16.0	-	6.0	27	22.0	22.0			
EXPENDITURES	1,812	1,770	-	42	2	729	526	-	203	28	1,118	1,316		198	18
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	±	CHANGE	%	PLANNED	ESTIMATED	±	CHANGE	%
PART II: MEASURES OF EFFECTIVENESS															
1. % OF ACREAGE REFORESTED COMPARED TO GOALS						100	115	+	15	15	100	100			
2. % OF ACREAGE RECEIVED TSI COMPARED TO GOALS						100		-	100	100	100	100			
3. % SEEDLING DISTRIB COMPARED TO TOTAL REQUESTS						36	32	-	4	11	70	80	+	10	14
4. % LANDOWNERS RCVNG TECH FORESTRY COMP TO TTL REQ						75	100	+	25	33	75	90	+	15	20
5. % OF VOL. OF TIMBER HARVEST COMP. TO MIN CUT						20	1	-	19	95	20	20			
6. CASH RECEIPTS OF STATE FOREST PRODUCTS (\$000S).						50	73	+	23	46	50	50			
7. % PROC OF FOREST PROD ASSTED COMP TO TTL REQUESTS						100	100				100	100			
PART III: PROGRAM TARGET GROUP															
1. FOREST LANDOWNERS						75	55	-	20	27	75	75			
2. OTHER LANDOWNERS						20	20				20	20			
3. PROCESSOR OF FOREST PRODUCTS						10	6	-	4	40	10	10			
4. FOREST RELATED BUSINESS AND INVESTORS						3	2	-	1	33	3	3			
5. SEEDLINGS PRODUCED AND DISTRIBUTED (000'S)						600	191	-	409	68	600	300	-	300	50
PART IV: PROGRAM ACTIVITIES															
1. PLAN & ADMINISTER TIMBER SALE (MAN-YEAR)						1	1				1	1			
2. PLAN & ADMINISTER OTHER FOREST PRODUCT SALE (M/Y)						1	1				1	1			
3. ACRES OF REFORESTATION						60	20	-	40	67	60	60			
4. ACRES OF TIMBER STAND IMPROVEMENT						40		-	40	100	40	40			
5. PRODUCTION OF SEEDLINGS (PERSON/YEAR)						5	5				5	5			
6. NUMBER OF FOREST LANDOWNERS ASSISTED						60	78	+	18	30	60	60			
7. NUMBER OF PROCESSORS OF FOREST PRODUCTS ASSISTED						10	4	-	6	60	10	10			
8. NUMBER OF FOREST RELATED BUSINESSES ASSISTED						10	10				10	10			

**Variance Report Narrative
FY 03 and FY 04**

PROGRAM TITLE: Forestry, Products Development

**01 03 03 01
LNR 172**

PART I - Positions and Expenditures

Actual positions filled in FY03 and first quarter positions filled in FY04 are less than budgeted due to position turnovers, delays in the recruitment process, and manpower restrictions imposed on Departments.

Actual and estimated funds are higher than budgeted due to collective bargaining and approved increases in the federal fund ceiling. It should be noted that previous position reductions continue to constrain the Division's ability to effectively manage its forest products development programs and adequately address the needs of its growing number of industry and private landowner clients. Forester positions on two districts are presently vacant.

PART II - MEASURES OF EFFECTIVENESS

1,2: Planned measures are based mainly on the transactions involving the Waiakea Timber Management Area and the Tradewinds Forest Products Timber Land License (TLL).

3,5,6: Due to delays associated with the Tradewinds Forest Products TLL (unable to find financing for the project), the actual number of seedlings distributed for reforestation, the volume of timber harvested, and revenues from the sale of forest products is less than planned.

4: Variance increased due to increases in the number of landowners interested in forest stewardship activities and increase in funding available for the Forest Stewardship program.

PART III - PROGRAM TARGET GROUP

1,3,4: Actual FY03 target groups are less than planned due to delays involved with the timber industry advancing to the next level, which involves local value added processing. There is a growing demand by forest landowners, other landowners, processors of forest products, and forest related businesses and investors interested in forest related activities given the specialized commodity and interest. A plan to harvest invasive tree species for commercial use is underway.

5 Due to delays associated with the Tradewinds Forest Products TLL, actual seedlings produced and distributed for reforestation was less than planned.

PART IV - PROGRAM ACTIVITIES

4,5,8: Activities involving reforestation, timber stand improvements and processors of forest product assisted were less than planned are due to delays involving timber harvesting and processing. Planned measures are based on transactions involving the Waiakea Timber Management Area and the Tradewinds Forest Products TLL constructing a processing facility.

7: Actual forest landowners assister was higher than planned in FY03 due to the growing interest of landowners in forestry resources.

STATE OF HAWAII

PROGRAM TITLE:

QUALITY AND PRICE ASSURANCE

PROGRAM-ID:

AGR - 151PROGRAM STRUCTURE NO: **01030302****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ESTIMATED	±	CHANGE	%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Quality and Price Assurance

01 03 03 02
AGR 151

Part I - EXPENDITURES AND POSITIONS

The variance in positions in FY 03 is due to restrictions in hiring.

The variance in expenditures in FY 03 is due to: failure of the Papaya Administrative Committee to reinstate grade and size requirements, which would have entailed expenditures of special fund revenues to hire temporary employees; less than expected expenditures in the Coffee Inspection special fund; and less than expected pass-through of funds in the Commodities Temporary Deposit and Milk Producer's Settlement trust funds.

The variance in positions in FY 04 is due to delay in hiring.

Part II - MEASURES OF EFFECTIVENESS

No Significant Differences

Part III - PROGRAM TARGET GROUP

No Significant Differences

Part IV - PROGRAM ACTIVITIES

Item 1 - Variance in FY 03 and FY 04 due to increased requests for certification.

Item 2 - Variance in FY 04 due to increased time spent in higher priority certification programs.

Item 7 - Variance in FY 03 and 04 due to new pesticides projects including groundwater leaching and related degradation studies.

PROGRAM STRUCTURE NO: 01030303

AGRICULTURAL DEVELOPMENT & MARKETING

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%			
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES															
OPERATING COSTS POSITIONS EXPENDITURES	19.0 1,310	16.0 1,219	- -	3.0 91	16 7	19.0 258	16.0 258	- -	3.0 -	16 -	19.0 1,184	18.0 1,184	- -	1.0 -	5 -
TOTAL COSTS POSITIONS EXPENDITURES	19.0 1,310	16.0 1,219	- -	3.0 91	16 7	19.0 258	16.0 258	- -	3.0 -	16 -	19.0 1,184	18.0 1,184	- -	1.0 -	5 -
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04						
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%			
PART II: MEASURES OF EFFECTIVENESS															
1. % OF REQUESTS FOR INFO FULFILLED, HASS					99	99			99	99					
2. % OF SCHEDULED RELEASE TIME FOR PUB MET, HASS					100	100			100	100					
3. % OF REQUESTS FOR INFO FULFILLED, MAN					100	100			100	100					
4. % OF SCHED RELEASE TIME FOR PUB MET, MAN					100	100			100	100					
5. % CHANGE IN VALUE OF SALES OF PRDTS PROMOTED, MD					3	3			3	3					
6. % ELIG PRODUCERS PARTICIPATING IN PROMO PROGS, MD					40	40			40	40					
7. % OF REQ FOR INFO MET, ECON & MKT RESEARCH, MAN					100	100			100	100					
PART III: PROGRAM TARGET GROUP															
1. PRODUCERS AND PROCESSORS OF AGR PRODUCTS					5,500	5,500			5,500	5,500					
2. GOVERNMENT, UNIVERSITIES AND AG INPUT SUPPLIERS					215	215			215	215					
3. WHOLESALER & RETAILERS OF AGRICULTURAL PRODUCTS					770	770			770	770					
PART IV: PROGRAM ACTIVITIES															
1. COLL, COMPIL & PUBL CROP/LVSTK DATA, HASS					50,000	50,000			50,000	50,000					
2. PRSNL TEL AND MAIL SURVEY & PUB OF STAT RPTS, HASS					16,000	16,000			16,000	16,000					
3. DISSEMINATION OF CROP/LVSTK INFO, HASS					1,500	1,500			1,500	1,500					
4. CONDUCT AG PRODUCT PROMO ACTIVITIES, MD					6,056	6,056			6,056	6,056					
5. COLLECT, COMPIL, PUBLISH & DISSEM MKT INFO, MAN					40	40			40	40					
6. CONDUCT ECON & MKT STUDIES & PROG EVAL, MAN					9	7	-	2	22	9	8	-	1	11	

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 03 03 03
AGR 171

PROGRAM TITLE: Agricultural Development and Marketing

Part I - EXPENDITURES AND POSITIONS

The variance in positions in FY 03 is due to vacant positions for the Economist VI, Economist IV and Research Statistician IV. The Economist VI and Research Statistician IV positions were also kept unfilled for part of the year to generate program savings. The Economist IV position was filled for 4 months on a temporary, emergency hire basis.

The variance in expenditures in FY 03 is due to the vacant positions. The variance in expenditures in FY 04 is not anticipated except for the possibility of one unfilled position to generate program savings.

Part II - MEASURES OF EFFECTIVENESS

There are no significant variances.

Part III - PROGRAM TARGET GROUP

There are no significant variances.

Part IV - PROGRAM ACTIVITIES

Item 6 -- Variance in FY 03 due to lack of resources, arising from the vacant Economist positions.

STATE OF HAWAII

PROGRAM TITLE:

GENERAL SUPPORT FOR AGR

VARIANCE REPORT

REPORT V61

PROGRAM-ID:

11/24/03

PROGRAM STRUCTURE NO: 010304

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04					
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%		
PART I: EXPENDITURES & POSITIONS														
RESEARCH & DEVELOPMENT COSTS														
POSITIONS														
EXPENDITURES														
OPERATING COSTS														
POSITIONS														
EXPENDITURES														
TOTAL COSTS														
POSITIONS														
EXPENDITURES														
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%		
PART II: MEASURES OF EFFECTIVENESS														
1. %CHANGE OF TOTAL VALUE OF CROP & LIVESTOCK					2	2			2	2				
2. # ACRES RECLASS FROM AG TO URBAN USE					400	60	-	340	85	400	500	+	100	25
3. LANDS IRRIGATED BY STATE SYSTEMS					5,000	5,227	+	227	5	5,000	6,952	+	1,952	39
4. PLANTATN LANDS CONV/PROT FOR DIV AG PROD (ACRES)					5,146	5,146				5,146	5,146			

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

STATE OF HAWAII

PROGRAM TITLE:

AGRICULTURAL RESOURCE MANAGEMENT

PROGRAM-ID:

AGR - 141PROGRAM STRUCTURE NO: **01030401****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															
	18.0	16.0	-	2.0	11	15.0	13.0	-	2.0	13	15.0	14.0	-	1.0	7
	1,774	1,605	-	169	10	653	653				1,056	1,056			
	18.0	16.0	-	2.0	11	15.0	13.0	-	2.0	13	15.0	14.0	-	1.0	7
	1,774	1,605	-	169	10	653	653				1,056	1,056			
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS						5,000	5,227	+	227	5	5,000	6,952	+	1,952	39
1. LANDS IRRIGATED BY STATE SYSTEMS (ACRES)						90	90				90	90			
2. IRRIG WATER SERVED AS % WATER DEMAND IN STATE SYS						2,800	4,592	+	1,792	64	3,000	4,700	+	1,700	57
3. LANDS LEASED WITHIN AGRICULTURAL PARKS (ACRES)						90	90				90	90			
4. % AGRIC PARKLANDS DEVELOPED IN PRODUCTIVE USE															
PART III: PROGRAM TARGET GROUP						420	458	+	38	9	420	625	+	205	49
1. # FARMS SERVED BY STATE IRRIG SYSTEMS						275	232	-	43	16	290	238	-	52	18
2. # FARMS LEASED IN STATE AG PARKS						64	64				66	66			
3. # FARMS PROCESSING PRODUCE AT STATE FACILITY															
PART IV: PROGRAM ACTIVITIES						2	1	-	1	50	1	1			
1. # CURRENT AG PARK & PLNNG DEV & IMP PROJS						20	18	-	2	10	20	20			
2. AG PARK AWARDS ADMINISTERED (# OF TRANSACTIONS)						5	66	+	61	220	3	16	+	13	433
3. NEW WATER SERVICES INSTALLED						100	100				100	100			
4. PIPELINE, DITCHES, & OTHER INFRASTR MAINT (MILES)						5	5				5	5			
5. # OF PROCESSING FACILITIES MANAGED						40	50	+	10	25	40	40			
6. # LESSEES COUNSELED						70	240	+	170	243	70	240	+	170	243
7. # FIELD INSPECTIONS CONDUCTED						30	30				30	35	+	5	17
8. # FINANCIAL AND LEGAL DOCUMENTS GRANTED															

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Agricultural Resource Management

01 03 04 01
AGR 141

Part I - EXPENDITURES AND POSITIONS

The division's reorganization was completed, leading to the decrease in total position count. Also, vacancies took longer than expected to fill. Lower than expected expenditures reflect the vacant positions.

Part II - MEASURES OF EFFECTIVENESS

Item No. 1- In FY 04, lands irrigated by state systems is anticipated to increase due to the operation of the Lower Hamakua Ditch.

Part III - PROGRAM TARGET GROUP

Item No. 1- Number of farms served increased due to the operation of the Lower Hamakua Ditch.

Part IV - PROGRAM ACTIVITIES

Item No. 3- Increases reflect additional meters for the Lower Hamakua Ditch.

PROGRAM STRUCTURE NO: 01030402

AGRIBUSINESS DEVELOPMENT & RESEARCH

11/24/03

134

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Agribusiness Development and Research

01 03 04 02
AGR 161

Part I - EXPENDITURES AND POSITIONS

The difference between budgeted and actual expenditures in FY 03 is due to the delay in ADC obtaining the master lease for the Kekaha agricultural lands.

Part II - MEASURES OF EFFECTIVENESS

No Significant Variances

Part III – PROGRAM TARGET GROUP

No Significant Variances

Part IV - PROGRAM ACTIVITIES

Item No. 7- Less than anticipated research projects funded in FY 03 due the deferment of projects to FY 04.

STATE OF HAWAII

PROGRAM TITLE:

GENERAL ADMINISTRATION FOR AGRICULTURE

PROGRAM-ID:

AGR - 192

PROGRAM STRUCTURE NO: 01030403

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%			
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES															
OPERATING COSTS POSITIONS EXPENDITURES	27.0 1,305	26.0 1,567	- 262	1.0 20	4	29.0 375	28.0 375	- 375	1.0 3	3	29.0 1,135	28.0 1,135	- 375	1.0 3	3
TOTAL COSTS POSITIONS EXPENDITURES	27.0 1,305	26.0 1,567	- 262	1.0 20	4	29.0 375	28.0 375	- 375	1.0 3	3	29.0 1,135	28.0 1,135	- 375	1.0 3	3
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04						
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%			
PART II: MEASURES OF EFFECTIVENESS															
1. % CHANGE OF TOTAL VALUE OF CROP/LIVESTOCK					2	2			2	2					
2. # ACRES RECLASS FROM AG TO URBAN USE					400	60	-	340	85	400	500	+	100	25	
3. % PERS ACTIONS PROCESSED W/IN PAYROLL CYCLE					99	99				99	99				
4. % VENDOR PAYMENTS MADE W/IN 30 DAYS					96	95	-	1	1	96	96				
5. % DATA PROC REQUESTS COMPLETED					84	83	-	1	1	85	85				
PART III: PROGRAM TARGET GROUP															
1. TOTAL ACRES IN DIVERSIFIED CROPS & LIVESTOCK					485,600	1,364,000	+	878,400	181	490,000	1,350,000	+	860,000	176	
2. # DIVERSIFIED FARM OPERATORS & FARM WORKERS					7,400	10,800	+	3,400	46	7,500	11,000	+	3,500	47	
3. INVENTORY OF IMPORTANT AG LANDS (ACRES)					315,750	315,300	-	450		315,500	314,750	-	750		
4. NUMBER OF EMPLOYEES					350	307	-	43	12	350	310	-	40	11	
5. NUMBER OF DIVISIONS					6	6				6	6				
6. NUMBER OF BRANCHES					12	12				12	12				
7. ATTACHED AGENCIES					1	1				1	1				
PART IV: PROGRAM ACTIVITIES															
1. # LAND USE PERMIT APP REVIEWED AFFECTG AG LANDS					55	36	-	19	35	60	40	-	20	33	
2. # PERSONNEL ACTIONS PROCESSED					2,000	1,812	-	188	9	2,000	1,600	-	400	20	
3. # PURCHASE ORDERS PROCESSED					5,650	5,289	-	361	6	5,650	5,400	-	250	4	
4. # PETTY CASH CHECKS PROCESSED					1,600	1,505	-	95	6	1,600	1,550	-	50	3	
5. # DATA PROCESSING REQUESTS RECEIVED					605	615	+	10	2	610	620	+	10	2	

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: General Administration for Agriculture

01 03 04 03
AGR 192

Part I - EXPENDITURES AND POSITIONS

The variance in expenditures for FY 03 is primarily due to collective bargaining increases.

Part II - MEASURES OF EFFECTIVENESS

Item No. 2- In FY 03, less lands re-zoned than expected due to insufficient incentive to re-zone agricultural lands for urban use.

Part III - PROGRAM TARGET GROUP

Item No. 1- Data for FY 03 and FY 04 reflect total farm acreage including pineapple, sugarcane, and pasture lands. These figures more accurately describe the full extent of agricultural land use.

Item No. 2- Data for FY 03 and FY 04 reflects the full number of diversified farm operator and laborers including unpaid laborers. These numbers more accurately describe the full extent of agricultural related employment.

Part IV - PROGRAM ACTIVITIES

Item No. 1- Variance in number of permit applications reviewed is due to limiting the review of county level applications to those most agriculturally adverse.

STATE OF HAWAII

PROGRAM TITLE:

FISHERIES & AQUACULTURE**VARIANCE REPORT**

REPORT V61

11/24/03

PROGRAM-ID:

PROGRAM STRUCTURE NO: **0104**

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04						
					PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%	
					6	7	+	1	17	6	7	+	1	17	
					58.9	51.6	-	7	12	60.6	52	-	8	13	
					25,000	25,200	+	200	1	27,000	27,000				

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

PROGRAM STRUCTURE NO: 010402

LNR - 153

11/24/03

140

Variance Report Narrative
FY 03 and FY04

01 04 02
LNR 153

PROGRAM TITLE: Commercial Fisheries & Resource Enhancement

Part I - EXPENDITURES AND POSITIONS

FY 03: Position vacancies at year-end are under recruitment. Actual expenditures reflects additions of collective bargaining and authorized Federal-fund spending increases.

FY 04: The position vacancy in the 1st quarter is under recruitment. Actual 1st quarter expenditures are lower due to spending restrictions and estimated expenditures in the remaining three quarters are higher due to approved increase in expenditure of Federal Funds.

Part II - MEASURES OF EFFECTIVENESS

Item 1 & 2: In FY 03 fishery production and its value increased significantly as this information was measured from the fish dealer reporting system instead from fish catch reports. The database for this system has been upgraded and improved, containing comprehensive data that are deemed more reliable than the fish catch reporting system in terms of landing information.

Item 3: It appears that with the implementation of the new commercial fishing reports in October 2002, fishers may be experiencing some difficulty in completing and submitting the reports on time.

Part III - PROGRAM TARGET GROUP

Item 1. The normal level of licenses issued (approximately 4,000) did not occur, probably due to the stagnant economy and the continued closure of prime longline fishing grounds.

Part IV - PROGRAM ACTIVITIES

Item 2. Approximately 8,000 juvenile moi and mullet were produced and the production of 10,000 juvenile moi and mullet are expected in FY 04.

Item 3. The number of fish catch reports processed was measured in units of 1,000's. The reported number of '300' needs to be corrected to be '30'. The number of processed reports decreased probably because fishers are having difficulty completing and submitting the new fishing reports forms and fewer licenses issued.

STATE OF HAWAII

PROGRAM TITLE:

AQUACULTURE DEVELOPMENT

PROGRAM-ID:

AGR - 153PROGRAM STRUCTURE NO: **010403****VARIANCE REPORT**

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ACTUAL	± CHANGE		%	BUDGETED	ESTIMATED	± CHANGE		%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS															
POSITIONS															
EXPENDITURES															
OPERATING COSTS															
POSITIONS															
EXPENDITURES															
TOTAL COSTS															
POSITIONS															
EXPENDITURES															
	8.0	6.0	-	2.0	25	8.0	5.0	-	3.0	38	8.0	8.0	-	5	1
	540	474	-	66	12	191	191				409	404	-	5	1
	8.0	6.0	-	2.0	25	8.0	5.0	-	3.0	38	8.0	8.0	-	5	1
	540	474	-	66	12	191	191				409	404	-	5	1
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	± CHANGE		%	PLANNED	ESTIMATED	± CHANGE		%
PART II: MEASURES OF EFFECTIVENESS															
1. AQUACULTURE PRODUCTION-(THOU. LBSS)						2,300	2,900	+	600	26	2,400	3,000	+	600	25
2. PRIMARY VALUE OF AQUACULTURE PRODUCTION (\$1000)						25,000	25,200	+	200	1	27,000	27,000			
3. TOTAL AQUACULTURE EMPLOYMENT (NO.)						1,025	1,025				1,050	1,050			
PART III: PROGRAM TARGET GROUP															
1. AQUACULTURE OPERATIONS STATEWIDE (NO.)						120	116	-	4	3	122	118	-	4	3
PART IV: PROGRAM ACTIVITIES															
1. INFORMATION SENT (NO.)						4,000	4,200	+	200	5	4,500	4,500			
2. PERMIT ASSISTANCE (NO.)						45	58	+	13	29	50	50			
3. DISEASE ASSISTANCE (NO.)						300	336	+	36	12	390	390			
4. PROMOTIONAL EVENTS AND PRESENTATION (NO.)						25	19	-	6	24	30	30			

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

PROGRAM TITLE: Aquaculture Development

01 04 03
AGR 153

Part I - EXPENDITURES AND POSITIONS

FY 03 actual position count indicates three positions vacant, two incumbents left to join private sector and one position increased by legislature. Actual expenditures reflect staff vacancies.

FY 04 budgeted position count reflects new position and actual indicates three vacant positions that are in the process of being filled.

Part II - MEASURES OF EFFECTIVENESS

For FY 03, there is no significant difference in production value and employment. Actual production volume is higher due to increased production of lower valued products.

For FY 04, estimated values for production volume was increased in anticipation of maintaining production capacity.

Part III - PROGRAM TARGET GROUP

For FY 03, no significant difference.

For FY 04, no significant difference.

Part IV - PROGRAM ACTIVITIES

For FY 03, there are no significant differences with information sent, and promotional events and presentations were lower due to fewer presentations. Greater value for permit assistance was due to more requests for ocean leases and increases in disease assistance was due to ability to have emergency hires for several vacancies.

For FY 04, estimated values for information, permit assistance, promotional events and presentations, and disease assistance were maintained. Disease management vacancies should be filled.

STATE OF HAWAII

PROGRAM TITLE: **TECHNOLOGY**

PROGRAM-ID:

PROGRAM STRUCTURE NO: **0105****VARIANCE REPORT**

REPORT V61

11/24/03

		FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
		BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%			
PART I: EXPENDITURES & POSITIONS																
RESEARCH & DEVELOPMENT COSTS																
POSITIONS																
EXPENDITURES																
OPERATING COSTS																
POSITIONS		3.0	3.0			3.0	3.0			3.0	3.0					
EXPENDITURES		20,445	14,930	-	5,515	27	3,172	2,512	-	660	21	13,775	13,493	-	282	2
TOTAL COSTS																
POSITIONS		3.0	3.0			3.0	3.0			3.0	3.0					
EXPENDITURES		20,445	14,930	-	5,515	27	3,172	2,512	-	660	21	13,775	13,493	-	282	2
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04						
						PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%			
PART II: MEASURES OF EFFECTIVENESS																
1. PRIVATE SECTOR LEVERAGE																
2. # OF NEW VENTURE CAPITAL PARTNERSHIPS						2		-	2	100	3	2	-	1	33	
3. NUMBER OF COMPANIES FUNDED						4	6	+	2	50	5	5				
4. NUMBER OF NEW NELHA TENANTS (ACTUAL)						4	6	+	2	50	7	7				
5. NEW TENANTS (ACRES)						24	10	-	14	58	14	49	+	35	250	
6. AMOUNT OF TENANT SALES (\$M)						14	NA				15	NA				
7. INCREASE IN REVENUES (\$K)							13	+	13	***	1,343	32	-	1,311	98	
8. # OF CEROS OUTREACH & INTERFACE ACTIVITIES						17	17				17	17				
9. # OF INDIVIDUALS OR COMPANIES ASSISTED						905	725	-	180	20	905	775	-	130	14	
10. # COMPANIES ASSISTED AT HTDC INCUBATION CENTERS						45	40	-	5	11	45	95	+	50	111	

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

STATE OF HAWAII

PROGRAM TITLE:

HIGH TECHNOLOGY DEVELOPMENT CORP

PROGRAM-ID:

BED - 143

PROGRAM STRUCTURE NO: 010501

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS	3.0	3.0			3.0	3.0			3.0	3.0		
EXPENDITURES	6,637	3,333	- 3,304	50	953	396	- 557	58	5,813	6,370	557	10
TOTAL COSTS												
POSITIONS	3.0	3.0			3.0	3.0			3.0	3.0		
EXPENDITURES	6,637	3,333	- 3,304	50	953	396	- 557	58	5,813	6,370	557	10
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. # OF COMPANIES ASSTD AT HTDC INCUBATION CENTERS					45	40	- 5	11	45	95	+ 50	111
2. MKTG:# OF INDIVIDUALS OR COMPANIES ASSISTED					905	725	- 180	20	905	775	- 130	14
PART III: PROGRAM TARGET GROUP												
1. # OF POTENTIAL TECH-BASED COMPANIES					2,250	1,204	- 1,046	46	2,600	1,300	- 1,300	50
2. # OF COMPANIES APPLIED FOR INCUBATION SERVICES					14	28	+ 14	100	19	85	+ 66	347
PART IV: PROGRAM ACTIVITIES												
1. # OF INCUBATION SERVICES AGREEMENTS					45	40	- 5	11	45	95	+ 50	111
2. # OF CONTACTS AND RESPONSES					482,339	301,903	- 180,436	37	20,450	252,200	+ 231,750	133

VARIANCE REPORT NARRATIVE
FY 03 AND FY 04

PROGRAM TITLE: High Technology Development Corporation

01 05 01
BED 143

Part I – EXPENDITURES AND POSITIONS

The FY03 variance is primarily due to the net effect of collective bargaining allocation, general fund restriction, lower than estimated special fund expenditures, decreased HEVDP funding, and no activity in the revolving fund. Special fund commitments in the second half of the year were limited to existing programs so the fund balance would be available to meet projected needs over the next few years knowing that the general fund will significantly decrease in FY04 & FY05. The HEVDP funding under the U.S. Dept. of Transportation is winding down, thus new contract commitments and payments have decreased. The FY03 funding to continue HEVDP projects is coming directly from the U.S. Air Force but the first advance was not received until early FY04. The revolving fund had no activity during the year as inquiries were being referred to the Hawaii Capital Loan program for a trial period to evaluate the effectiveness of having one fund manage applicants for economic development loans.

Part II – MEASURES OF EFFECTIVENESS

- Item 1. The centers had lower than projected vacancy rates during FY03, thus less new companies were able to obtain office space. FY04 projection includes 50 additional companies will be assisted through the new virtual incubation program created to assist companies that do not physically reside at the incubation centers but will have addresses and privileges similar to occupants.
- Item 2. The high occupancy and low turnover of existing companies reduced opportunities to assist new companies at the centers. A decrease in television exposure may have also contributed to the

lower amount of inquiries about HTDC programs. See Part IV item 2.

Part III – PROGRAM TARGET GROUP

- Item 1. FY03 anticipated the expansion of HTDC's target group by including selected areas on the mainland. This strategy was not pursued as HTDC refocused due to known reductions in HTDC's fiscal resources in the upcoming fiscal years.
- Item 2. There were a higher number of companies applying for incubation services even though space was limited. FY04 estimates 66 additional applicants for virtual incubation services.

Part IV – PROGRAM ACTIVITIES

- Item 1. Incubation service agreements for FY03 were lower than planned as existing occupants expanded and leased office space that became available. In these cases, existing general service agreements were amended thus did not increase the count of service agreements in effect. FY04 estimates 50 additional agreements for virtual incubation services.
- Item 2. HTDC reduced its participation in high tech programs on television as HTDC's began refocusing program priorities with the knowledge that the general fund appropriations for FY04 & FY05 were to be significantly reduced. Television participation is projected to continue to decrease during FY05.

STATE OF HAWAII

PROGRAM TITLE:

HAWAII STRATEGIC DEVELOPMENT CORP.

PROGRAM-ID:

BED - 145

PROGRAM STRUCTURE NO: 010502

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04						
	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ACTUAL	±	CHANGE	%	BUDGETED	ESTIMATED	±	CHANGE	%
PART I: EXPENDITURES & POSITIONS															
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES															
OPERATING COSTS POSITIONS EXPENDITURES															
TOTAL COSTS POSITIONS EXPENDITURES															
	4,104	3,305	-	799	19	33	33				393	393			
	4,104	3,305	-	799	19	33	33				393	393			
						FISCAL YEAR 2002-03				FISCAL YEAR 2003-04					
						PLANNED	ACTUAL	±	CHANGE	%	PLANNED	ESTIMATED	±	CHANGE	%
PART II: MEASURES OF EFFECTIVENESS															
1. PRIVATE SECTOR LEVERAGE						2		-	2	100	3	2	-	1	33
2. NO. NEW VC PARTERNSHIPS						4	6	+	2	50	5	5			
3. NO. COMPANIES FUNDED															
PART III: PROGRAM TARGET GROUP															
1. START-UP COMPANIES NO. FUNDED						4	6	+	2	50	5	6	+	1	20
2. POTENTIAL INVEST ORG,INCL HIGH NET WORTH INDIVID						30	150	+	120	400	40	50	+	10	25
3. SUPPORT ORG INCLUDING LEGAL & ACCT FIRMS						6	4	-	2	33	7	7			
PART IV: PROGRAM ACTIVITIES															
1. REINVEST INVEST DISTRIB IN NEW VENTURE PARTNERSHIP						NA	NA				NA	2			
2. ORGANIZE AND SPONSOR VENTURE CAPITAL CONF						3	4	+	1	33	3	3			
3. ENTREPRENEURIAL TRAINING PROGRAMS						2	4	+	2	100	2	2			

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 05 02
BED 145

PROGRAM TITLE: Hawaii Strategic Development Corporation

Part I – EXPENDITURES AND POSITIONS

The variance in expenditure in FY 2003 is due lower tech sector activity nationally and decrease fund availability.

Part II – MEASURES OF EFFECTIVENESS

- Item 1. Private sector leverage exceeded plan of 3:1 due to the affect of Act 221 and viable new companies being funded.
- Item 2. No new partnerships were launched by HSDC relating to the downturn in the tech sector. At least 6 companies were funded through HSDC-related partnerships.

Part III – PROGRAM TARGET GROUPS

- Item 1. At least six start up companies were funded through HSDC-related partnerships.
- Item 2. HSDC organized events attracted over 150 potential investors to encourage their participation in Hawaii private equity activities.
- Item 3. There are fewer accounting firms active in the sector due to national consolidations of firms and closing down of major CPA practices.

Part IV – PROGRAM ACTIVITIES

- Item 1. HSDC's board approved preliminary commitments totaling \$1 million to two new venture capital partnerships.
- Item 2. HSDC sponsored and organized four venture capital conferences.
- Item 3. HSDC sponsored and participate in four entrepreneurial training programs.

STATE OF HAWAII

PROGRAM TITLE:

NATURAL ENERGY LAB OF HAWAII AUTHORITY

PROGRAM-ID:

BED - 146

PROGRAM STRUCTURE NO: 010503

VARIANCE REPORT

REPORT V61

11/24/03

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS POSITIONS EXPENDITURES												
OPERATING COSTS POSITIONS EXPENDITURES	9,704	8,292	- 1,412	15	2,186	2,083	- 103	5	7,569	6,730	- 839	11
TOTAL COSTS POSITIONS EXPENDITURES	9,704	8,292	- 1,412	15	2,186	2,083	- 103	5	7,569	6,730	- 839	11
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. # OF NEW NELHA TENANTS (ACTUAL)	4	6	+	2	50	7	7					
2. NEW TENANTS (ACRES)(ACTUAL)	6	10	+	4	67	16	49	+	33	206		
3. #TENANTS OR EXPANDED CURRENT TENANTS (ACRES)												
4. AMOUNT OF TENANT SALES (\$M)	14	NA				15	NA					
5. INCREASE IN REVENUES (\$K)		13	+	13	***	1,343	570	-	773	58		
6. AMT OF TENANT CAPITAL INVSTMNT AT NELHA (\$M)	12.6	22	+	9	71	6.7	32	+	25	373		
7. # AND \$(M) OF CEROS PROJECTS FUNDED												
8. # & VALUE OF CEROS PROJECTS COMPLETED (\$M)												
9. # OF CEROS OUTREACH & INTERFACE ACTIVITIES	17	17				17	17					
10. #/VAL - NELHA PROJS FED, NON-ST SOURCE FUNDED \$M												
PART III: PROGRAM TARGET GROUP												
1. # BUSINESS/ORGS INT'L W/OCEAN RES INTERESTS	60	60				60	60					
2. # BUSINESS/ORGS INT'L W/SUSTAIN ENERGY INTSTS	15	15				15	15					
3. # TENANTS W/BIOTECH INTERESTS	23	22	-	1	4	27	24	-	3	11		
4. # COLLABORATIONS W/UNIVERSITIES/COLLEGES	9	5	-	4	44	10	10					
5. # COLLABORATIONS W/NAT'L LABORATORIES	2	2				3	3					
6. # ORGS COMMERCIALIZE OCEAN TECHNOLOGIES	70	100	+	30	43	80	100	+	20	25		
7. # ORGS IN OCEAN TECH DEV & DOD COMMANDS	575	590	+	15	3	575	600	+	25	4		
PART IV: PROGRAM ACTIVITIES												
1. # OF NEW NELHA TENANTS (ACTUAL)	5	6	+	1	20	7	7					
2. CURRENT NELHA EXPANSION (ACRES)	38	14	-	24	63	40	101	+	61	153		
3. INCREASE IN REVENUES(\$K)		13	+	13	***	1,343	570	-	773	58		
4. % LAND USE AT NELHA & HOST PARK	48	43	-	5	10	49	54	+	5	10		
5. AMT CUM ST., TENANT, FED CAP IMPV (\$M)	273.5	154	-	119	44	151.5	180	+	28	18		
6. # OF NELHA OUTRCH ACTIVITY PARTICIPANTS	2,700	3,461	+	761	28	2,800	2,800					
7. % CEROS BUDGET USED FOR TECH PROJECTS	92.5	91.1	-	1	1	92.5	92.0					
8. # OF CEROS OUTRCH & INTERFACE PARTICIPANTS	400	422	+	22	6	400	450	+	50	13		

VARIANCE REPORT NARRATIVE
FY 03 AND FY 04

01 05 03
BED 146

PROGRAM TITLE: NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY

Part I – EXPENDITURES AND POSITIONS

The variance of \$1,411,337 in expenditures for FY 2003 is primarily due to the administration's mandated reduction in spending, NELHA's need to rapidly achieve self-sufficiency because of the reduction in General Fund revenues, and the timing of the receipt of federal funds. With the elimination of General Fund revenues scheduled for FY 05-06, NELHA has increased revenue and decreased spending to take maximum use of Special Funds which will be the sole financial support of future NELHA operations.

Part II – MEASURES OF EFFECTIVENESS

- Item 2. Variance due to new tenant expansion to meet market demands due to favorable market projections for new bottled water product.
- Item 3. Current tenant expansion variance due to drop out of 8-acre, \$8M, privately funded photovoltaic array project due to termination of negotiations by NELHA Board. Variance in projections for total tenants and acreage is also due to increased interest in bottled water industry and confidence by current and new tenants in future market growth.
- Item 4. Unverifiable at this time--tenant sales are reported following the end of their fiscal years and are not available until April/May 2004, if at all.
- Item 5. Variance is due to new tenants' rents, increases through royalties and other miscellaneous income.
- Item 6. Variance is due to development of new water industry and aquaculture tenants and expansion of current tenants.
- Item 7. Variance due to when CEROS receives its funding and when the contracts/projects can be negotiated and funds encumbered.

Part III – PROGRAM TARGET GROUP

- Item 4. Variance due to spending moratorium and travel restrictions. University Project Managers unable to develop programs as previously scheduled/proposed.

Part IV – PROGRAM ACTIVITIES

- Item 3. Variance is due to new tenants' rents, increases through royalties and other miscellaneous income.
- Item 4. Variance due to return to NELHA of 93.25 acre parcel from tenant. Economic downturn in Asia market, increasing competition abroad has led to more conservative development by this company which continues to maintain productivity of existing 90-acre parcel.
- Item 5. Variance due to new tenant infrastructure based on tenant proposals. Tenants won't reveal exact information and are not required to reveal information, many believe it is proprietary.

NOTE: NELHA is growing sustainable industries for the 21st century in energy, energy security, potable water, diversified agri/aqua culture, biotechnology, and health.

STATE OF HAWAII

PROGRAM TITLE:

WATER AND LAND DEVELOPMENT**VARIANCE REPORT**

REPORT V61

PROGRAM-ID:

LNR - 141

11/24/03

PROGRAM STRUCTURE NO: **0106**

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS	3.0	3.0			3.0	3.0			3.0	3.0		
EXPENDITURES	376	734	358	95	83	55	- 28	34	303	330	27	9
TOTAL COSTS												
POSITIONS	3.0	3.0			3.0	3.0			3.0	3.0		
EXPENDITURES	376	734	358	95	83	55	- 28	34	303	330	27	9
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
PART II: MEASURES OF EFFECTIVENESS												
1. SURFACE WATER SUPPLY DEVELOPED (MGD)					1		- 1	100	1	1		
2. GROUNDWATER SUPPLY DEVELOPED (MGD)					20	10	- 10	50	20	20		
3. STATE LANDS DEVELOPED (ACRES)					500	6	- 494	99	500	500		
4. WATER CREDITS PROV TO STATE AGENCIES (1000 GALS)												
PART III: PROGRAM TARGET GROUP												
1. DEFACTO POP BENEFITTG FROM IMPROVMTS (M)					1.3	1.3			1.3	1.3		
PART IV: PROGRAM ACTIVITIES												
1. PLANNING & PROGRAMMING (NO. OF PROJECTS)					25	25			25	25		
2. NUMBER OF PROJECTS DESIGNED					25	25			25	25		
3. ENGINEERING CONSULTANT CONTRACTS ADMIN (NO.)					20	25	+ 5	25	10	25	+ 15	150
4. CIP EXPENDITURES (\$000)					15,000	19,267	+ 4,267	28	15,000	15,000		
5. ENGIN SVCS PROVIDED TO OTHER DLNR OFF (MNHRS)					15,000	16,500	+ 1,500	10	15,000	20,000	+ 5,000	33
6. ALT WATER DEV PROJECTS INVESTIGATED (NO.)												

Variance Report Narrative
FY 2003 and FY 2004

01 06
LNR 141

PROGRAM TITLE: Water and Land Development

Part I - EXPENDITURES AND POSITIONS

Differences in FY 2003 budgeted amount and actual expenditure primarily due to unused accrued vacation/sick leave/retirement fund (-\$71,710) and the emergency authorization for use of the Department of Health Environmental Response Revolving Fund (ERRF) for Salvinia Molesta removal at Lake Wilson (+\$431,053).

Part III - PROGRAM TARGET GROUP

No significant variance.

Part II - MEASURES OF EFFECTIVENESS

Items 1, 2 and 3 - Reflect authorized water supply and/or land development projects and their completion. There has been a downturn of funding for such projects.
Item 4 - Requests for water credits less than anticipated. Water credits are provided to State agencies reflect when water is actually needed by each specific project. State agencies submit requests for water credits to this program when their specific project is applying for a building permit and nearing construction.

Part IV - PROGRAM ACTIVITIES

Item 1 - Reflects authorized funded projects and workload request of other DLNR Divisions.
Item 2 - Reflects authorized funded projects and workload request of other DLNR Divisions.
Item 3 - Increase in number of contracts due to work required for ADA improvements at DLNR facilities to comply with a consent decree and workload request of other DLNR Divisions.
Item 4 - Reflects actual expenditures; an additional \$23.6 million are encumbered in consultant and/or construction contracts.
Item 5 - Reflects authorized funded projects and workload request of other DLNR Divisions, including assistance provided for Salvinia Molesta removal at Lake Wilson.
Item 6 - Reflects program's authorized projects and focus on assistance to other DLNR Divisions/Offices.

STATE OF HAWAII

PROGRAM TITLE:

SPECIAL COMMUNITY DEVELOPMENT

VARIANCE REPORT

REPORT V61

PROGRAM-ID:

11/24/03

PROGRAM STRUCTURE NO: 0107

	FISCAL YEAR 2002-03				THREE MONTHS ENDED 9-30-03				NINE MONTHS ENDING 6-30-04			
	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ACTUAL	± CHANGE	%	BUDGETED	ESTIMATED	± CHANGE	%
PART I: EXPENDITURES & POSITIONS												
RESEARCH & DEVELOPMENT COSTS												
POSITIONS												
EXPENDITURES												
OPERATING COSTS												
POSITIONS	3.0	1.0	-	2.0	67	3.0	-	3.0	100	3.0	3.0	
EXPENDITURES	5,026	2,001	-	3,025	60	358	239	119	33	4,015	4,015	
TOTAL COSTS												
POSITIONS	3.0	1.0	-	2.0	67	3.0	-	3.0	100	3.0	3.0	
EXPENDITURES	5,026	2,001	-	3,025	60	358	239	119	33	4,015	4,015	
					FISCAL YEAR 2002-03				FISCAL YEAR 2003-04			
					PLANNED	ACTUAL	± CHANGE	%	PLANNED	ESTIMATED	± CHANGE	%
					NA	NA			NA	NA		
PART II: MEASURES OF EFFECTIVENESS												
1. NEW CAP INV INTO DISTRICTS (AGGREG OF ALL DIST \$M)												

Intermediate Level Program
No Narrative
(See Lowest Level Programs for Explanation of Variances)

PROGRAM TITLE:

PROGRAM-ID:

PROGRAM STRUCTURE NO: 010701

VARIANCE REPORT

REPORT V61

11/24/03

[illegible]

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 07 01
BED 150

PROGRAM TITLE: Hawaii Community Development Authority

Part I – EXPENDITURES AND POSITIONS

The variance in positions in FY 2003 is due to one vacant Secretary to the Executive Director position. During the first quarter of FY 2004, one additional vacancy included the Executive Director position. Recruitment is underway and the two vacant positions are anticipated to be filled by fiscal year end.

The significant decrease in the authorized amounts reflects the amount of actual expenditures to the expenditure ceiling for the special fund.

Part II – MEASURES OF EFFECTIVENESS

- Item 1. The higher actual number is due to a combination of the postponement of a major retail development project as a result of changing market and economic conditions and an influx of funds for the construction of the UH medical school project, which had not been included in original projections. The lower estimated number is due to the postponement of the retail development project.
- Item 2. The lower actual and estimated figures are due to the postponement of the major retail development project.
- Item 4. Final alignment of roadway improvements currently underway must be determined before design and construction of a planned park improvement can begin.

Part III – PROGRAM TARGET GROUPS

- Item 1. The higher estimated number for FY04 seems to indicate an error in the budgeted number recorded. The budgeted number should be 8750.
- Items 2 & 3. The lower actual and estimated numbers are a result of the postponement of the major retail development project.

Part IV – PROGRAM ACTIVITIES

- Item 2. The higher actual figure is due to the phasing of projects originally recorded as a single project.
- Item 3. The lower actual and estimated figures are a result of a 1-year delay in planning and construction for several improvement district projects due to changes in funding.

PROGRAM STRUCTURE NO: 010702

ALOHA TOWER DEVELOPMENT CORPORATION

11/24/03

[illegible]

VARIANCE REPORT NARRATIVE
FY 03 and FY 04

01 07 02
BED 151

PROGRAM TITLE: Aloha Tower Development Corporation

Part I – EXPENDITURES AND POSITIONS

The actual expenditures for FY 02-03 are below estimated. Spending was curtailed as a result of negotiations over the sum owed DOT Harbors for lost revenues and as a result of the Aloha Tower Marketplace Bankruptcy litigation. The sums owed DOT are still under negotiation.

The one budgeted position was vacant first quarter of FY 03-04 but is expected to be filled in this quarter. This correspondingly has an impact on the budgeted and estimated expenditure amounts for the last three quarters.

Part II – MEASURES OF EFFECTIVENESS

Part III – PROGRAM TARGET GROUPS

Part IV – PROGRAM ACTIVITIES

The Master Plan for FY 02-03 was delayed pending contract negotiations. It is expected to be completed by the end of FY 03-04 with the plan slated for FY 03-04 pushed to the next fiscal year.

